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... HELP HOUSING



FARMERS HOME ADMINISTRATION • PA. 990
U.S. DEPARTMENT OF AGRICULTURE



SELF-HELP HOUSING

The Farmers Home Administration makes loans for self-help housing including site development, and grants for technical assistance to help low-income families build homes in rural areas. Rural areas include open country and places with populations of not more than 10,000 which are rural in character and not closely associated with urban areas.

Each person or group applying for credit must get equal consideration without regard to race, color, creed or national origin.

What is self-help housing?

Individual houses are built under supervision by a group of families who will live in the dwellings. In short, it is a group mutually helping each other with the guidance of a construction expert.

Who may borrow?

Any small group of low-income families may qualify providing they cannot individually afford to build modest houses by customary methods. Each family must be able to repay a loan for the cash cost of the house.

Where does one apply?

Loan applications are accepted by Farmers Home Administration on an individual basis from each family participating in a self-help

housing program. Loan applications are filed in the Farmers Home Administration county office serving the area where the housing will be located.

How may loan funds be used?

Loans are used to buy material, and to pay for any skilled labor and contract costs for work the families are unable to perform. If necessary, loans may be used to buy building sites and to prepare them for construction activity.

How is a group formed?

Find 6 to 10 families in your area interested in self-help housing who cannot afford to obtain a modest house by customary methods.

Tell the Farmers Home Administration county supervisor of your desire to take part in the self-help housing program. He will tell you what steps to take.

What must self-help members do?

Members must agree:

- To work as a group under the guidance of a construction supervisor.
- To work the required hours necessary to complete the house.
- To attend all preconstruction meetings.
- To build only modest adequate housing.
- To build their houses in the same community.
- To carry out all responsibilities of home ownership, after housing is completed.

What will FHA do?

Farmers Home Administration will:

- Determine the eligibility of each participating family.
- Assist in providing suitable house plans.
- Advise the participating families of assistance from other Federal or public organizations.

- Conduct preconstruction meetings that will include basic instructions in construction, familiarization with the self-help approach, and discussion of planning, construction, and maintenance of a house.
- Make loans to eligible nonprofit organizations to develop home sites to be sold to applicants on a nonprofit basis.
- Make technical assistance grants to qualified organizations to pay for technical assistance and construction supervisor.
- Hire a construction supervisor, if necessary.

How will planning and building be performed?

- Plans for modest but adequate housing will be selected and specifications developed.
- Construction will involve as much on-site work as practicable.
- Basic plans and construction methods will be standardized as much as possible.
- Materials may be purchased on a group basis.
- Group will decide how members will share labor, how records will be kept of time worked, and how labor will be exchanged on a basis fair to all members.
- Depending on skills of participants, group may decide to do all the construction, or contract for work that cannot be done easily, such as excavating, installation of wiring or plumbing, and dry wall finishing.
- Construction will start only after the loan has been closed.
- Construction of houses will be done in stages. Each stage of construction will be finished, if practical, on all houses before starting the next stage.
- The construction supervisor, with advice of the group's president, will divide the group into teams on the basis of skills, compatibility, and availability.

- Construction changes cannot be made without prior approval of the Farmers Home Administration county supervisor.
- Families will move into the new homes only after construction of all houses has been completed.

What agreements are signed?

Each family will sign a promissory note as evidence of a desire to participate in the self-help housing program and to furnish the required labor to complete the house.

A membership agreement, which will outline the operation of the project, also will be signed by each family.

Who may receive technical assistance grants?

A public body or a public or private nonprofit corporation with the legal, administrative, and technical capacity to provide supervisory assistance to help low-income families build homes in rural areas by the self-help method may qualify. An applicant organization must show that:

- A need clearly exists in the area for self-help housing.
- Personnel can be hired to successfully carry out a technical assistance program.
- Funds are not available from other sources to provide these services.

If the applicant is a nonprofit corporation, it must also have either:

- Successful experience in the field of self-help housing; or
- A sponsoring organization with this experience or with proven ability in related business fields.

How may funds be used?

Organizations may use technical assistance funds:

- To hire the personnel to carry out a program of technical assistance for self-help housing.

- To pay necessary and reasonable office and administrative expenses.
- To make essential equipment such as power tools available to families participating in self-help housing construction.
- To pay fees for training self-help group members in construction techniques or for other needed professional services.

An initial agreement with an organization usually will provide for not more than \$100,000. The amount will be based on estimates of reasonable technical assistance costs per house as determined by Farmers Home Administration. Agreements may be made for up to 2 years. The group must provide the Farmers Home Administration with monthly financial and construction progress reports.

Funds may not be used for:

- Hiring personnel to perform actual construction work for families participating in a self-help project.
- Buying real estate, building materials or other property for participating families.

What other financial aid does Farmers Home Administration provide?

The agency offers financial assistance for home ownership, rental housing, building site development, farm labor housing, and for repairing or replacing homes and essential farm service buildings hit by disaster. Also for buying, developing and operating family farms, water development and soil conservation, rural water and waste disposal systems, developing small watershed projects, and for emergency farm credit needs.

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